

Fremont Township Purchasing Policy

The purpose of this policy is to provide purchasing guidelines to assure the Fremont Township maintains lawful and ethical methods in the procurement of supplies, materials, equipment, contracted services and construction projects for the Township.

I. General Principles

1. Supplies, equipment and contractual services shall be purchased only when monies for their cost have been appropriated and in the annual operating budget.
2. Purchases of less than \$500 may be made by the department head.
3. Purchases of greater than \$500 must be approved by the township board.
4. All purchases should be made for the most acceptable quality at the lowest price.
5. Professional services contracts will be based on quality of service and then price.

II. Credit Purchases

The Township shall maintain open credit with various vendors that are utilized on a frequent basis. Only employees authorized by the department head or supervisory staff may utilize the vendor's credit. Credit purchases may not exceed the amount authorized for the department head approval. Receipts for open credit purchases must be approved by the department head and submitted to accounts payable.

III. Credit Cards

The Fremont Township Board will have the exclusive right to approve and apply for any and all credit cards. No other board or person, within the township, will act on behalf of the Fremont Township Board to apply for and obtain any credit card that obligates Fremont Township, Isabella County, Michigan. If the need for a credit card is approved and obtained, credit card may only be used only by those authorized and only for the purchase of goods and or services for the official business of Fremont Township. Receipts for credit card purchased will be forwarded to the clerk. The use of a personal credit card for Fremont Township business may not exceed \$500.00 and is at the discretion of an authorized securer of goods and services for Fremont Township. No person, other than an elected official or appointed official of Fremont Township, may use a personal credit card for Fremont Township business, i.e. supervisor, treasurer, clerk, fire chief, assistant fire chief, medical director, trustee(s) and assessor. Use of a personal credit card to secure class tuitions and/or meeting fees, software updates may only be used with advance notification to either the supervisor, treasurer or clerk.

IV. Purchase Requests

Purchase Requisitions will be completed for any purchases outside of the general operating supplies for each department. This document will include:

- date of proposed purchase/date needed
- item to be purchased
- reason for purchase
- vendor
- price

V. Purchases from \$0 to \$500

Proposed purchases of supplies, equipment, and contracted services of less than \$500 can be made by department heads without board authorization. Budgeted, normal operating purchases will not require a Purchase Requisition.

VI. Purchases Exceeding \$500

All purchases of supplies, equipment, and contractual services exceeding \$500, budgeted or non-budgeted, require board approval prior to the purchase. The Department Head will obtain quotes from a minimum of three (3) competing vendors, if possible. A quote shall mean a written, faxed, e-mailed or obtained in person, or by phone. They must be in writing and identify the item, date of communication, bid price, and identity of the bidder to allow vendors equal opportunity. This process may be waived if, in the opinion of the Township board, efforts to obtain three quotes were exhausted or are impractical to obtain

Purchase requests will be submitted to the Township Clerk prior to the regularly scheduled Township Board meeting. The Township Board reserves the right to require a sealed bid if it is deemed necessary.

VII. Emergency Purchases

1. In the event of an emergency or such circumstance where time, public health and safety are of the immediate essence, the Township supervisor can authorize expenditures without complying with the bidding procedures. The Township supervisor shall report the details of the purchases to the Township Board at its next regular meeting.

A Department Head needing immediate authorization must contact the Township supervisor for such purchases.

SEALED BIDS / PROPOSALS PROCEDURE

Certain purchase of supplies, equipment and contractual services may require a sealed bid. This will be determined on a case by case basis of the govern board. The

sealed bids will subsequently approve by the Township Board. Bids are requested for specific supplies, equipment and contractual services. Proposals are requested for services for which the desired outcome is specified but the means to achieve it are to be proposed by the vender. For purposes for the rest of this section, bids and proposals require the same procedures and the term bid is interchangeable with proposals.

I. BID SPECIFICATIONS

Bid specifications shall be prepared by the department making the purchase. Bid specifications should be set up so that maximum competition can be secured. Bid specifications must include at least the following:

1. Description of supplies, equipment or contractual service to be bid. For bids, the description of the item and its characteristics should be as definite and precise as to eliminate the possibility of misunderstanding on the part of the purchaser, or the seller. Specifications which are considered "closed" (drawn on a piece of equipment) must not be prepared. Trade or brand names can be used to establish a generally acceptable standard, and all other brands of the same general quality will be requested to submit bids.
2. Form for submitting pricing.
3. Bid evaluation criteria.
4. Price over run statement (There will be no price increases without prior consent from the Township Board)
5. Bids security/performance bond requirements, if any.
6. Insurance requirements, if any.
7. Time and location of bid submissions.
8. Anticipated award date.
9. Notice that the Fremont Township Fire Department reserves the right to reject any and all bids submitted.
10. Requirement that the bid specifically indicates the bid name and the date on the outside of the envelope.

Bid specifications must be approved by the department heads and governing body. A copy of the bid specifications must be submitted to the Township Clerk for publication of a summary in the local newspaper.

If during the bid process it becomes apparent that the bid specifications need clarification or changes, an addendum to the bid specifications will be prepared.

II. DISTRIBUTION OF BID SPECIFICATION/ADVERTISING

1. Bidders list

The department head preparing the bid specification prepares the bidders list. The bidders list shall consist of known vendors of supplies, equipment, or contractual services, and any vendor requesting to be placed on the bidders list for this item. The

bidders list should be as comprehensive as possible to ensure the most competitive pricing.

Department heads must maintain bidders list for routine purchases that contain last year's bidders and any vendor requesting to be placed on the bidders list. Any vendor who fails to bid for two consecutive requests may be deleted from the bidders list.

2. Bid Specification Distribution

The bid specifications will be mailed to all vendors on the bidders list and be made available at the Township office.

3. Advertising

The availability of bid specifications must be advertised in at least one newspaper of general circulation. The department head may choose to advertise in other newspapers or trade journals.

4. Errors and Omissions

Instructions will be given should any errors or omissions in the proposals be called to the attention of the Township less than three (3) working days before bids are due. The bidder shall not be allowed to take advantage of any such errors or omissions. Instructions will be in the form of written addenda to the specifications which, if issued, will be mailed by mail to all prospective bidders (at the prospective address furnished for such purpose), not later than three (3) days prior to the date fixed for the opening of bids. Failure of any bidder to receive any such addendum or interpretations shall not relieve such bidder from any obligation under the bid as submitted. All addenda so issued shall become part of the contract documents.

III. BID OPENING

1. Location of Bid Submission/Opening

All bid openings will be conducted by the Township Clerk and a representative of the department making the purchase.

Bids will be accepted in the Township office up to the time of the bid opening. Any bids received by the department making the purchase must be submitted to the Township Clerk office prior to the time of the bid opening.

2. Bid Opening Procedure

The Township Clerk is responsible for preparing a bid tabulation form. A member of the department making the purchase must be present for the bid opening. The bid is opened, checked and read aloud by the Township Clerk.

The bid opening is open to the public. The staff present should refrain from answering any questions with regard to award, disqualification, preference on equipment, specifications being met, etc. Further, no comments of any type should be made on any bid or vendor. Those in attendance may be informed as to when the review will take place and when the award will be made.

3. Change/Withdraw of Bid

A bidder may withdraw or change a bid if notice of the withdrawal or change is received, in writing, by the Township Clerk before the latest time specified for submission of bids. After bids have been submitted, they will not be allowed to be withdrawn, except as authorized by the Township Clerk. Withdrawal of bids after the bid opening will be allowed only in those cases in which it is found from clearly demonstrable evidence that the bidder has made a bona-fide error in preparation of the bid and that such error will result in a substantial loss to the bidder.

4. Late Bids

No bids received after the time specified in the invitation to bid will be considered. The late bids will be retained unopened until after award. They will then be returned to the bidder with a letter detailing why the bid is being returned. The Township cannot be held responsible for any delay, regardless of the reason, in the receiving of bids.

5. Disseminating Bid Information

The actual bid documents submitted are public property and available to review. During the public review, the bid document must remain in the view of the Township employee. Each bid shall be carefully reviewed. As each bid is reviewed, notes and comments should be made on the following:

- a) Double check bid tabulation sheet.
- b) Check and note if a discount is offered for early payment.
- c) Check if bid is signed.
- d) Thoroughly review what bidder is bidding against bid specifications.
- e) Make note of any specification deviations.
- f) Note any bid qualifications such as:
 1. Escalation clause and amount.
 2. "All or none" clause.

3. Freight charges if any.
 4. Combined delivery restrictions, if any.
 5. Change in bid acceptance period.
 6. Any alternate items, which may be bid.
 7. Contract period extensions
- g) Bid bond – Is it signed from company authorized in State of Michigan?
 - h) Addendum (if required) – Does it change any changes to bid?
 - i) Samples (if required) – If samples are not submitted, bid is considered non-responsive and bid is normally rejected.
 - j) Reducing bid prices to common units: When bids are received in different units of measure, they must be reduced to a common denominator in order to be properly evaluated.
 - k) Certificate of Insurance (if required) Are dollar amounts correct; is coverage included, check dates, etc.
 - l) Obvious mistake – If any obvious mistake is discovered, bring it to the attention of the Township Clerk and confirm the mistake with the vendor. The vendor will not be allowed to change the bid amount. Example: Five bidders quote \$10.00 per foot; and one bidder quotes .10 cents per foot. In the case of a mistake in the extension of a price, the unit price shall govern.

IV. SECURITY DEPOSIT AND PERFORMANCE BONDS

Generally a bid security deposit is to be required at the discretion of the Township Board. The amount of the security deposit shall be expressed in terms of percentage of the bid submitted.

The Township Board shall fix the amount of the performance bond, and in the case of construction contracts, the amount of labor and material bond to be required of the successful bidders.

If the bid specifies the bidder must provide a bid security deposit, the bidder must file a bid bond, a certified check, cashiers check or bank draft in the amount of and in the form specified in the bid specification or the bid will not be considered.

If a bidder is not the successful bidder, the certified check, cashiers check, or bank draft will be returned to that bidder as soon as possible after the award is made. The successful bidders check will be returned as soon as possible after the contract is awarded or as soon as such bidder has filled a performance bond, if one is required.

V. CONTRACT AWARD

The successful bidder will be notified of the contract award by either purchase order or by written notice from a Fremont Township Fire Department representative.

Because the responsibility of the individual bidder is an essential element of the contract with the Fremont Township Fire Department, a person to whom such a contract

has been awarded may not assign their interest in the contract without the written consent of the Township Board.

In any of the following cases the Fremont Township Fire Department shall have the right to cancel any signed contract.

1. In the event the successful bidder fails to furnish a satisfactory performance bond within the time specified.
2. In the event the vendor fails to make delivery within the time specified in the contract or order.
3. In the event any supplies, materials or equipment delivered under the contract are rejected (because they don't meet specifications, do not conform to sample, or are not in good condition when delivered) and are not promptly replaced by the vendor. If there are repeated rejections of the vendor's supplies or equipment, this shall be grounds for cancellation, even though the vendor offers to replace the items promptly.
4. In the event of any other breach of contract of the vendor.
5. Failure to provide appropriate insurance documents.

VI. CONFLICT OF INTEREST

1. Township Employees

No Employee will participate directly or indirectly in procurement when the Employee knows that:

- a) The Employee or any member of the Employee's immediate family has a financial interest pertaining to the procurement;
- b) A business or organization in which the Employee, or any member of the Employee's immediate family, has a financial interest pertaining to the procurement; or
- c) Any other person, business or organization with whom the Employee or any member of the Employee's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement.

Upon discovery of an actual or potential conflict of interest, an Employee shall promptly file a written statement of disqualification and shall withdraw from further participation in the transaction involved. The Employee may, at the same time, apply to the Township Board for an advisory opinion as to what further participation, if any, the Employee may have in the transaction.

2. Township Board Members

A township board member can enter into a contract with a vendor with which a Township Board member has a conflict of interest, as defined above. In entering into a contract with this vendor, the Board member must not vote on the contract and

disclose any pecuniary interest. Two thirds of the full Township Board must approve the contract.

Accepted and approved on the 23rd day of June, 2009

Supervisor _____ Signed-Gerard Himebaugh _____

Treasurer _____ Signed-Shirlee VanBonn _____

Clerk _____ Signed-John Schimmelmann _____

Trustee _____ Signed-Gary Curtiss _____

Trustee _____ Signed-Ruth Barrett _____

This document supersedes any previous purchasing policies for Fremont Township, Isabella County, MI.

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